



**Audited Financial Statements  
And  
Additional Information  
June 30, 2012**

**WILLIAMSBURG TECHNICAL COLLEGE  
KINGSTREE, SOUTH CAROLINA**

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**WILLIAMSBURG TECHNICAL COLLEGE  
AREA COMMISSION**

<b><u>Name</u></b>	<b><u>County of Residence</u></b>	<b><u>Office Held</u></b>	<b><u>Term Expires</u></b>
Askins, Gregory B.	Williamsburg	Chairman	7/1/12
Brown, Walter H.	Williamsburg	Member	7/1/11 *
Dimery-Barr, Lorraine B.	Williamsburg	Member	7/1/01 *
Gardner, Johnny M.	Williamsburg	Member	7/1/12
Green, S. Christine	Williamsburg	Secretary- Treasurer	7/1/12
Huell, Harry L.	Williamsburg	Member	7/1/13
Lovett, J. Braxton	Williamsburg	Member	7/1/11 *
Poston, Henry M.	Williamsburg	Member	7/1/12
Stuckey, James S.	Williamsburg	Member	7/1/11 *
Thompson, Joan B.	Williamsburg	Vice Chairman	7/1/12
Williams, Gertrude P.	Williamsburg	Member	7/1/12

\* All members shall be appointed for terms of three years and until their successors are appointed and qualify.

***Independent Auditors' Report***

The President and Members of the Area Commission  
**Williamsburg Technical College**  
Kingstree, South Carolina

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of **Williamsburg Technical College** (the College), a member institution of the South Carolina Technical College System, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the College's primary government as listed in the Table of Contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Williamsburg Technical College Foundation, Inc. (the College's only discretely presented component unit). Those financial statements are audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it is related to the amounts included for the component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Williamsburg Technical College as of June 30, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williamsburg Technical College's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Webster Rogers LLP*

Florence, South Carolina  
September 27, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Williamsburg Technical College's (the "College") financial report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2012. This discussion should be read in conjunction with financial statements and the notes thereto, which follow this section.

The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows and replaces the fund-group perspective previously required.

### **Financial Highlights**

- The assets of Williamsburg Technical College exceeded its liabilities at June 30, 2012, by \$6,566,010.
- The College's net assets increased by \$698,265.
- The College had no debt during the current fiscal year. The College received capital funding in the amount of \$1,987 from State and other sources that provided the resources for its ongoing efforts to improve and update equipment and buildings.
- The College experienced an operating loss of \$4,098,104 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, the College received State appropriations of \$1,478,790 which are the College's largest unrestricted revenue source, local appropriations of \$976,932, Federal Grants of \$2,227,067, and other non-operating revenues of \$111,593 to offset this operating loss.

### **Overview of the Financial Statements**

The College is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets presents the financial position of the College at the end of the fiscal year and requires classification of assets and liabilities into current and noncurrent categories. The difference between total assets and total liabilities is reflected in the net assets section which displays net assets in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are one indicator of the current financial condition of the College, while the change in net assets is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Assets replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by natural classification.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on state and county appropriations by separating them from operating cash flows.

## Financial Analysis of the College as a Whole

This schedule is a condensed version of the College's assets, liabilities, and net assets and is prepared from the Statement of Net Assets.

### Condensed Summary of Net Assets (thousands of dollars)

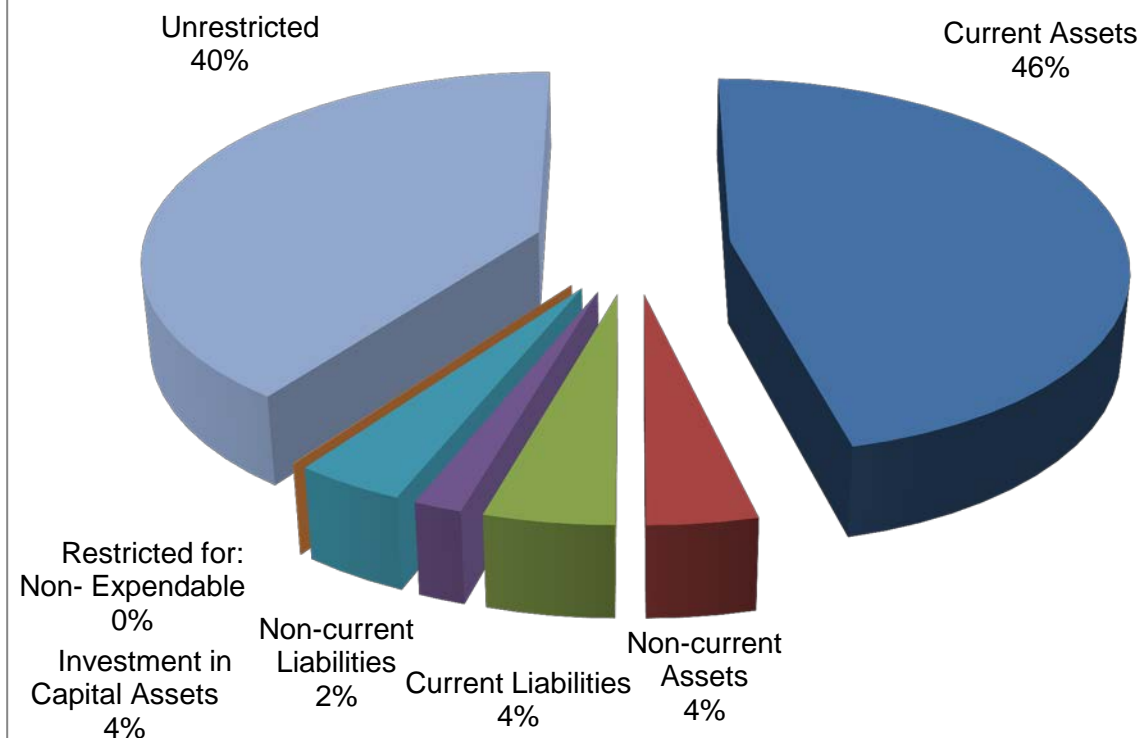
<b>Assets</b>	<b>2012</b>	<b>2011</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
Current Assets	\$ 6,920	\$ 6,255	\$ 665	10.63%
Capital Assets, Net	574	656	(82)	-12.50%
<b>Total Assets</b>	<b>7,494</b>	<b>6,911</b>	<b>583</b>	<b>8.44%</b>
<b>Liabilities</b>				
Current Liabilities	674	747	(73)	-9.77%
Noncurrent Liabilities	253	296	(43)	-14.53%
<b>Total Liabilities</b>	<b>927</b>	<b>1,043</b>	<b>(116)</b>	<b>-11.12%</b>
<b>Net Assets</b>				
Invested in Capital Assets	574	656	(82)	-12.50%
Restricted - Nonexpendable	5	5	-	0.00%
Unrestricted	5,987	5,207	780	14.98%
<b>Total Net Assets</b>	<b>\$ 6,566</b>	<b>\$ 5,868</b>	<b>\$ 698</b>	<b>11.90%</b>

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$6,566,010 at the close of fiscal year ended June 30, 2012.

The College's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding reflects approximately 8% of its total net assets. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Approximately 1% of the College's net assets represent resources that are subject to external restrictions on how they may be used. *Unrestricted net assets* of \$5,987,491, or approximately 90%, may be used to meet the College's ongoing unrestricted obligations. Pictorial presentations of specific areas of the College's financial condition on June 30, 2012, appear in the charts and graphs that follow.

## Summary of Net Assets



Cash increased by \$632,407 during the fiscal year. A summary schedule of the increase in cash flows for the fiscal years ended June 30, 2012 and 2011 is as follows:

### Condensed Summary of Cash Flows (thousands of dollars)

Cash Provided (Used) by:	2012	2011	Increase/ (Decrease)	Percent Change
Operating Activities	\$ (4,264)	\$ (4,711)	\$ 447	-9.49%
Non-Capital Financing Activities	4,772	5,545	(773)	-13.94%
Capital and Related Financing Activities	116	13	103	792.31%
Investing Activities	8	31	(23)	-74.19%
Net Increase in Cash	<u>\$ 632</u>	<u>\$ 878</u>	<u>\$ (246)</u>	-28.02%

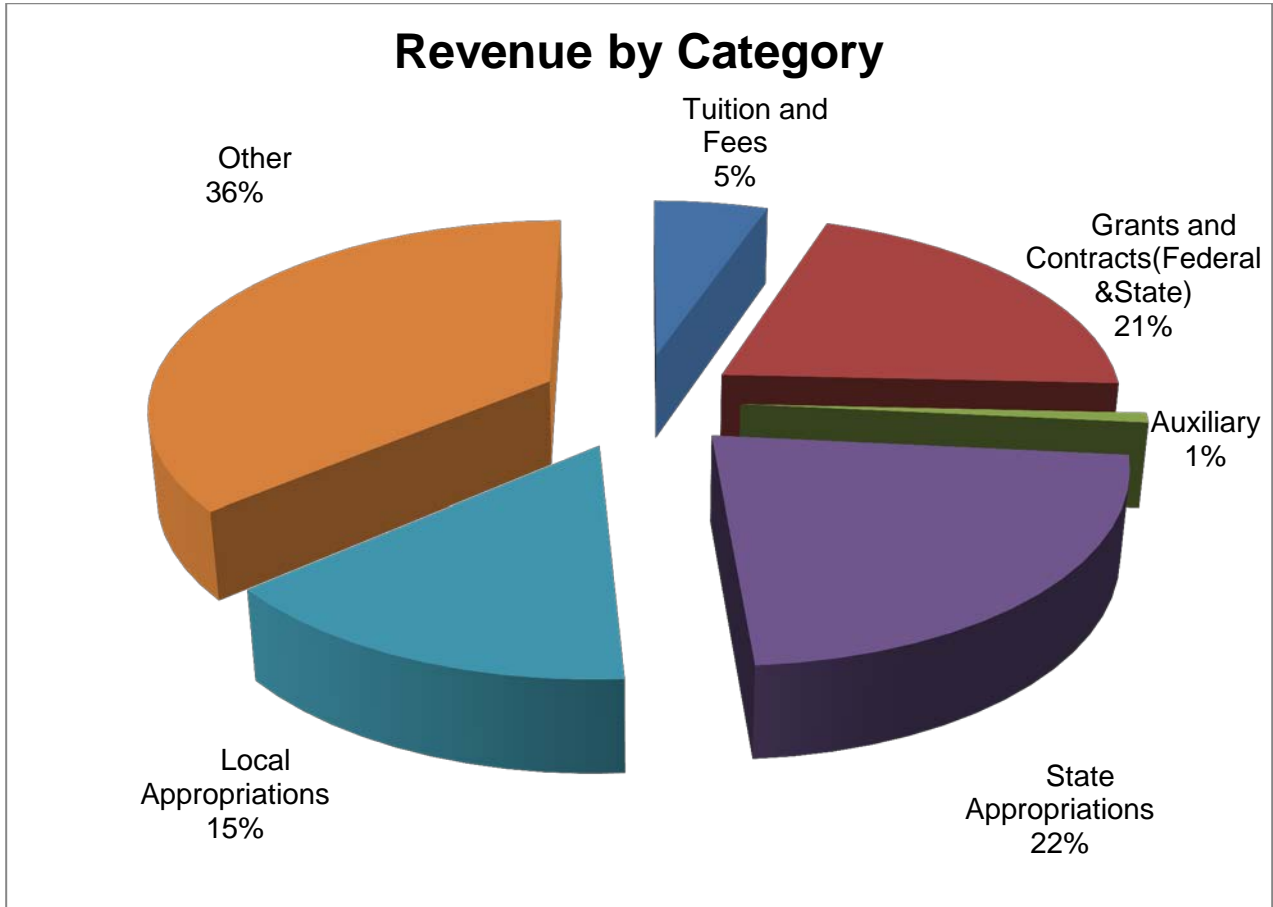


This schedule is a summary of the College's operating results for the fiscal year.

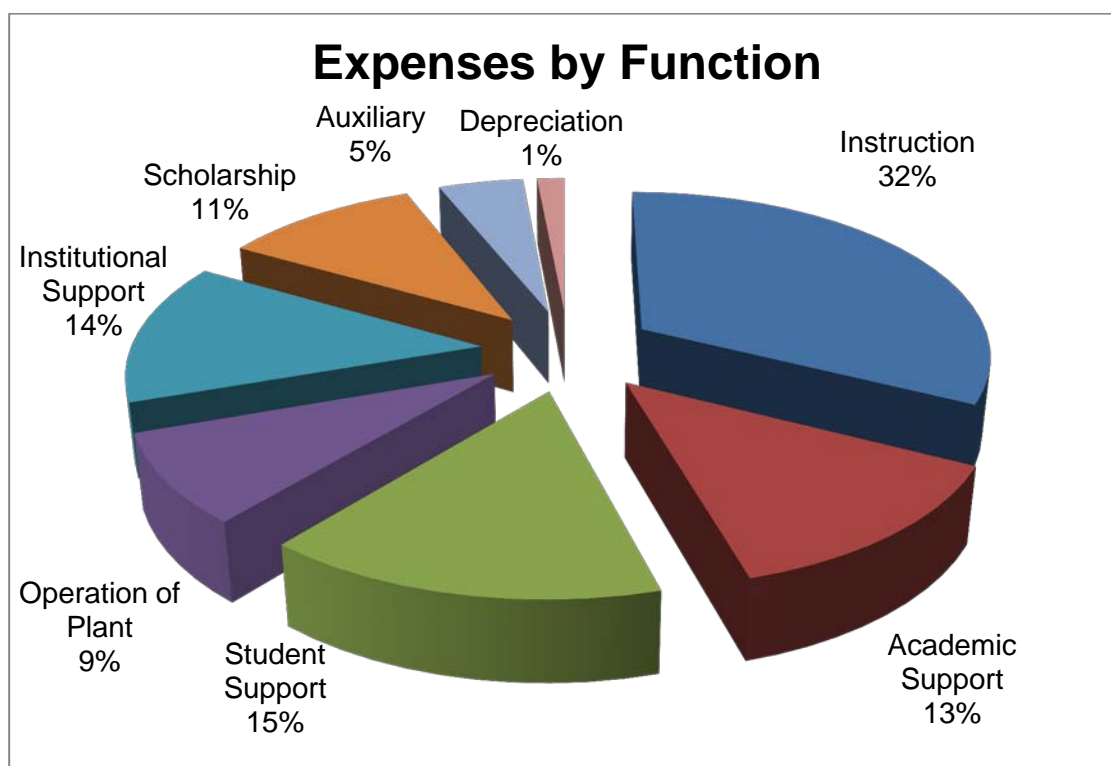
**Condensed Summary of Revenues, Expenses and Changes in Net Assets (thousands of dollars)**

	<b>2012</b>	<b>2011</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
<b>Revenues:</b>				
Student Tuition and Fees	\$ 351	\$ 271	\$ 80	29.52%
Grants and Contracts	1,347	1,355	(8)	-0.59%
Auxiliary Programs	54	45	9	20.00%
Other Operating Revenues	55	68	(13)	-19.12%
Total Operating Revenues	1,807	1,739	68	3.91%
State Appropriations	1,479	1,560	(81)	-5.19%
County Appropriations	977	517	460	88.97%
Investment Income	7	30	(23)	-76.67%
Grants and Contracts	2,331	3,474	(1,143)	-32.90%
Total Non-Operating Revenues	4,794	5,581	(787)	-14.10%
Total Revenues	6,601	7,320	(719)	-9.82%
<b>Expenses</b>				
Salaries	2,812	2,904	(92)	-3.17%
Benefits	891	859	32	3.73%
Scholarships	626	1,020	(394)	-38.63%
Utilities	103	91	12	13.19%
Refunded to Grantor	-	3	(3)	100.00%
Gain on Disposal of Capital Assets	-	(1)	1	-100.00%
Supplies and other services	1,384	1,387	(3)	-0.22%
Depreciation	89	87	2	2.30%
Total Operating Expenses	5,905	6,350	(445)	-7.01%
<b>Capital Contributions, Deductions to Permanent Endowments and Transfers</b>				
Capital Improvement Bonds	2	19	(17)	-89.47%
Capital Contributions. and Transfers	2	19	(17)	-89.47%
<b>Change in Net Assets</b>	698	989	(291)	-29.42%
<b>Net Assets, Beginning of year</b>	5,868	4,879	989	20.27%
<b>Net Assets, End of year</b>	<u>\$ 6,566</u>	<u>\$ 5,868</u>	<u>\$ 698</u>	11.90%

A large portion of the revenue included in the Grants and Contracts category represents student financial assistance which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarship allowances in order to eliminate duplication of revenues.



In excess of \$3.7 million of the College's operating expenses occurred in the salary and benefits classification. Of this amount, approximately 74% are identified as instructional, academic support, and student services support. Supplies and Other Services is the second largest classification of expenses and include expenses not otherwise classified. Note 12 in the accompanying notes to the financial statements identify operating expenses by functional classification.



### Capital Asset and Debt Administration

The College has completed a capital needs assessment and is preparing a comprehensive plan to address the plant needs. Currently, the College has no debt. The College has recorded compensated absences payable in the amount of \$269,563 for obligations to employees of which \$16,130 is considered a current liability. The change in capital assets during the fiscal year is as follows:

Beginning Capital Assets, Net of Accumulated Depreciation	\$ 656,088
Assets Purchased During the Year	5,972
Depreciation Expense Recorded During the Current Year	<u>(88,541)</u>
Ending Capital Assets, Net of Accumulated Depreciation	<u>\$ 573,519</u>

### Economic Factors

The budget year for 2012-2013 appears to be stable from the country with the new rate from last year. The state funding is level; however, we may see a 2% midyear cut. However, the college is prepared to handle such cut if it is needed. The increase in skills and knowledge required even for entry level jobs and the weak job market is likely to continue to maintain enrollment for the foreseeable future.

Williamsburg Technical College continues to be on the approved list for the phase one training for the Boeing Project. The system has also partnered with the manufacturing association for the awarding and acknowledgement of the Manufacturing Skill Standards Council (MSSC) for employment opportunities in the growing area of the new manufacturing businesses.

Currently, Federal Pell Grants cover most of the College's needy students' tuition and fees. This year, the College continued the two distributions of Pell to assist students with the rising cost of books and supplies for the two main semesters of the school year. Lottery tuition assistance (LTA) applies only after Federal Pell Grants and then for the balance of tuition costs up to the maximum per credit hour established by State Board for Technical and Comprehensive Education (SBTCE) and approved by Commission on Higher Education (CHE). The amount for the 2012-2013 year has increased by 18%. Currently, LTA funds cannot be used for books and supplies or other cost of attendance.

The College's Practical Nursing Program continues to be successful with very high licensure pass rates and very high job placement rates. The Practical Nursing Program increased the number of students entering the class to 24. In addition, grant funds are being sought from multiple sources to supplement and accelerate the growth of this program.

The College has seen growth in the trades programs over the last few years. The welding program in particular continues to grow at an above average rate. Collaboration with South Carolina State with the Early Child Care and Education program continues to benefit an increasing number of students.

The College has implemented a new COL 103 course as part of our SACS reaffirmation that was just awarded this summer. This course will concentrate on retention of students. We have also implemented a new method of recruiting and processing for our Dual enrollments student. The school district has encouraged and embraced the increasing of Dual enrollment offerings. We felt that this is a win for all, an increase in college enrollment, along with high school students having the ability to graduate with up to 24 hours of college credits.

### **Requests for Information**

This financial report is designed to provide a general overview of Williamsburg Technical College's finances for those with an interest in government finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Melissa Coker, Vice President Business Affairs, Williamsburg Technical College, 601 Martin Luther King Jr. Avenue, Kingstree, SC 29556.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 5,444,998
Short-Term Investments	666,658
Short-Term Investments - Restricted for Endowment	5,000
Accounts Receivable, Net	722,395
Inventory	69,613
Prepaid Expenses	11,013
<b>Total Current Assets</b>	<u>6,919,677</u>

**Non-Current Assets:**

Capital Assets Not Being Depreciated	127,190
Capital Assets, Net of Accumulated Depreciation	446,329
<b>Total Non-Current Assets</b>	<u>573,519</u>

**Total Assets**

\$ 7,493,196

**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 23,916
Compensated Absences Payable	16,130
Deferred Revenue	633,707
<b>Total Current Liabilities</b>	<u>673,753</u>

**Non-Current Liabilities:**

Compensated Absences Payable	253,433
<b>Total Non-Current Liabilities</b>	<u>253,433</u>

**Total Liabilities**

927,186

**NET ASSETS**

**Invested in Capital Assets**

573,519

**Restricted For:**

Nonexpendable:	
Endowment	5,000

**Unrestricted**

5,987,491

**Total Net Assets**

6,566,010

**Total Liabilities and Net Assets**

\$ 7,493,196

The accompanying Notes to Financial Statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2012**

**REVENUES**

**Operating Revenues**

Student Tuition and Fees, net of scholarship allowances of \$1,728,076	\$ 351,204
Federal Grants and Contracts	852,477
State Grants and Contracts	486,436
Private Grants and Contracts	7,743
Auxiliary Programs, net of scholarship allowances of \$230,291	54,023
Other Operating Revenues	54,565
<b>Total Operating Revenues</b>	<u>1,806,448</u>

**EXPENSES**

**Operating Expenses**

Salaries	2,811,520
Benefits	890,784
Scholarships	626,199
Utilities	103,218
Supplies and other services	1,384,290
Depreciation	88,541
<b>Total Operating Expenses</b>	<u>5,904,552</u>

<b>Operating Loss</b>	<u>(4,098,104)</u>
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**Non-Operating Revenues**

State Appropriations	1,478,790
County Appropriations	976,932
Investment Income	7,372
Local Grants and Contracts	105,659
Gain on Sale of Assets	360
Federal Grants and Contracts	2,225,269
<b>Net Non-Operating Revenues</b>	<u>4,794,382</u>

<b>Income Before Other Revenues, Expenses, Gains or Losses</b>	696,278
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Capital Improvement Bond Proceeds	<u>1,987</u>
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<b>Increase in Net Assets</b>	698,265
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**NET ASSETS**

<b>Net Assets, Beginning of year</b>	<u>5,867,745</u>
<b>Net Assets, End of year</b>	<u><u>\$ 6,566,010</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Student Tuition and Fees, net of scholarship allowances	\$ 141,225
Federal, State and Local Grants and Contracts	1,340,311
Auxiliary Enterprise, net of scholarship allowances	54,023
Other Receipts	54,565
Scholarships	(626,199)
Payments to Vendors	(1,479,733)
Payments to Employees (Salary and Benefits)	(3,747,903)
<b>Net Cash Used in Operating Activities</b>	<u>(4,263,711)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State Appropriations	1,463,489
County Appropriations	976,932
Federal, State and Local Grants and Contracts	2,330,928
Proceeds from Sale of Assets	1,121
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>4,772,470</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Improvement Bond Proceeds	121,975
Purchase of Capital Assets	(5,972)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<u>116,003</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	666,658
Interest on Investments	7,645
Purchase of Investments	(666,658)
<b>Net Cash Provided by Investing Activities</b>	<u>7,645</u>

<b>Net Increase in Cash</b>	632,407
<b>Cash, Beginning of Year</b>	<u>4,812,591</u>
<b>Cash, End of Year</b>	<u><u>\$ 5,444,998</u></u>

(Continued)

**WILLIAMSBURG TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS (Continued)**  
**YEAR ENDED JUNE 30, 2012**

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**Reconciliation of Net Operating Revenue (Expenses) to  
Net Cash Provided by (Used in) Operating Activities:**

Operating Income (Loss)	\$ (4,098,104)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Depreciation	88,541
(Increase) decrease in:	
Accounts Receivables	(90,004)
Inventory	(3,507)
Prepaid Expenses	(2,188)
Increase (decrease) in:	
Accounts Payable	13,470
Compensated Absences	(45,599)
Deferred Revenue	(126,320)
<b>Total Adjustments</b>	<u>(165,607)</u>
<b>Net Cash Used in Operating Activities</b>	<u><u>\$ (4,263,711)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.



**WILLIAMSBURG TECHNICAL COLLEGE FOUNDATION, INC.**  
**(A Component Unit of Williamsburg Technical College)**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

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**ASSETS**

**Current Assets:**

Pooled Cash - Unrestricted	\$ 5,990
Pooled Cash - Restricted	25,865
Certificates of Deposit - Restricted	<u>416,944</u>
<b>Total Current Assets</b>	<u><u>448,799</u></u>

<b>Total Assets</b>	<u><u>\$ 448,799</u></u>
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**NET ASSETS**

Temporarily Restricted	\$ 442,809
Unrestricted	<u>5,990</u>
<b>Total Net Assets</b>	<u><u>\$ 448,799</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE FOUNDATION, INC.**  
**(A Component Unit of Williamsburg Technical College)**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
<b>SUPPORT</b>			
Contributions	\$ 5,000	\$ 6,438	\$ 11,438
Total Support	<u>5,000</u>	<u>6,438</u>	<u>11,438</u>
<b>REVENUE</b>			
Interest Income	<u>225</u>	<u>3,502</u>	<u>3,727</u>
Total Revenue	<u>225</u>	<u>3,502</u>	<u>3,727</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Purpose Restriction Accomplished	<u>10,841</u>	<u>(10,841)</u>	<u>-</u>
Total Net Assets Released	<u>10,841</u>	<u>(10,841)</u>	<u>-</u>
<b>EXPENSES</b>			
Program Services			
Scholarships and Awards	10,841	-	10,841
Management and General	<u>470</u>	<u>-</u>	<u>470</u>
Total Expenses	<u>11,311</u>	<u>-</u>	<u>11,311</u>
Change in Net Assets	4,755	(901)	3,854
<b>Net Assets at July 1, 2011</b>	<u>1,235</u>	<u>443,710</u>	<u>444,945</u>
<b>Net Assets at June 30, 2012</b>	<u><u>\$ 5,990</u></u>	<u><u>\$ 442,809</u></u>	<u><u>\$ 448,799</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Operations:** Williamsburg Technical College (the College), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Williamsburg county and the surrounding area. Included in this range of programs are technical and occupational associate degrees, diploma, and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services, and offerings to assist students in meeting their personal and professional educational objectives.

**B. Reporting Entity:** The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. Accordingly, the financial statements include the accounts of Williamsburg Technical College as the primary government reporting unit and the accounts of Williamsburg Technical College Foundation, Inc. (the "Foundation"), the College's discretely presented component unit. As a member institution of the South Carolina Technical College System, the College is part of the primary government of the State of South Carolina (the State) and is reported in the State's Comprehensive Annual Financial Report. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors, and it is a component unit of the College. Copies of the Foundation's separately issued financial statements can be obtained by sending a request to the following address: Samantha Salisbury, CPA, 1606 Scarlet Oaks Ct., Moncks Corner, SC 29461.

Williamsburg Technical College Foundation, Inc. is a private not-for-profit organization that reports under Financial Accounting Standards Board (FASB). Because this organization is deemed not to be a governmental entity and uses a different reporting model, the Foundation's balances and transactions are reported on separate financial statements. Certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

**C. Financial Statements:** The financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

**D. Basis of Accounting:** For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Cash Equivalents:** For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**F. Investments:** Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investment of Funds." *GASB Statement No. 40, Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

**G. Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

**H. Inventories:** Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

**I. Capital Assets:** Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations, and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service, and no depreciation is taken in the year of disposition.

**J. Deferred Revenues and Deposits:** Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**K. Compensated Absences:** Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year end as a component of long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses and changes in net assets. The liability for accrued compensated absences includes all accrued vacation leave, unused holiday, and related fringe benefits. Other compensated absences, such as sick pay, do not vest; accordingly, no liability is accrued.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Net Assets:** The College's net assets are classified as follows:

***Invested in capital assets, net of related debt:*** This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

***Restricted net assets - expendable:*** Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

***Restricted net assets - nonexpendable:*** Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal.

***Unrestricted net assets:*** Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Non-Exchange Transactions:** Non-exchange transactions involving financial or capital resources are transactions in which the college either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of non-exchange transactions the College engages in include "Voluntary non-exchange transactions" (certain grants and donations), and "Imposed non-exchange revenue" (fines and penalties), and "Government-mandated non-exchange transactions" [occurs when a government (including the federal government) at one level provides resources to a government at another level and requires that government to use the resources for a specific purpose or purposes established in the provider's enabling legislation].

Voluntary non-exchange transactions usually involve eligibility requirements that must be met before transactions are recognized. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as deferred revenues by recipients. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- d. The provider's offer of resources is contingent upon a specified action of the recipient and that action occurred.

Assets from imposed non-exchange revenues are recognized when an enforceable legal claim to the assets arise or when the resources are received.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Classification of Revenues:** The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

*Scholarship discounts and allowances:* Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain grants, such as Pell and other Federal, state, or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

**O. Classification of Expenses:** The College has classified its expenses as either operating or non-operating expenses according to the following criteria:

*Operating expenses:* Operating expenses generally result from the purchasing of goods or services related to the College's principal ongoing operations. These expenses include (1) salaries and benefits paid to employees for providing educational services and other related services to students; (2) utilities to maintain the educational buildings; (3) supplies and services for goods and services provided to the College; (4) scholarship expenses for student financial assistance; and (5) depreciation expense for capital items.

*Non-operating expenses:* Non-operating expenses include activities that have the characteristics of non-exchange transactions. These expenses include interest expense and capital items purchased.

**P. Auxiliary Enterprises:** Auxiliary enterprise revenues primarily represent revenues generated by bookstores and vending.

**Q. Capitalized Interest:** The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. During the fiscal year ended June 30, 2012, no interest costs were capitalized.

**R. Income Taxes:** The College is a political subdivision of the State of South Carolina and is, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of the College may be subject to taxation as unrelated business income.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Williamsburg Technical College Foundation, Inc. is a not-for-profit organization described in Internal Revenue Code Section 501(c) (3) and is exempt from federal income tax under Code Section 501(a). The Foundation is classified by the Internal Revenue Service as other than a private foundation and bases its tax-exempt status on its support of the College.

**S. Restricted Cash and Investments:** The College has funds which were donated by private citizens as a non-expendable endowment to the College.

**T. Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Allowances for losses for student accounts receivable are established and based upon actual losses experienced in prior years and evaluations of the current account.

**U. Component Unit:** The Foundation maintains its accounts in accordance with the accrual basis of accounting in accordance with principles generally accepted in the United States of America. Revenue is recognized when earned, and expenses are recognized when incurred. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted* – Unrestricted net assets include resources which are available for the support of the Foundation's operating activities.

*Temporarily Restricted* – Temporarily restricted net assets include resources that have been donated to the Foundation subject to restrictions as defined by the donor. These restrictions are met either by the actions of the Foundation and/or the passage of time.

*Permanently Restricted* – Permanently restricted net assets are subject to donor-imposed stipulations that are to be maintained permanently by the Foundation. As of June 30, 2012, the Foundation held no permanently restricted net assets.

**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS**

The following schedule reconciles cash and investments as reported on the Statement of Net Assets to footnote disclosure provided for deposits and investments.

Statement of Net Assets:

Primary Government	
Cash and Cash Equivalents	\$ 5,444,998
Short-Term Investments (Restricted)	5,000
Short-Term Investments	<u>666,658</u>
Total Cash and Investments on Statement of Net Assets	<u>\$ 6,116,656</u>

Disclosure, Deposits and Investments Plus Reconciling Items:

Carrying Value Deposits:	
Held by Financial Institutions	\$6,116,556
Cash on Hand	<u>100</u>
Total Disclosure, Deposits and Investments Plus Reconciling Items	<u>\$6,116,656</u>

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (Continued)**

**Discretely Presented Component Unit**

Williamsburg Technical College Foundation

Statement of Net Assets:

Cash and Cash Equivalents	\$ 31,855
Certificates of Deposit	<u>416,944</u>
Total Cash and Cash Equivalents	<u>\$ 448,799</u>

Disclosure of Deposits and Investments:

Carrying Value of Deposits:

Cash in Banks	\$ 31,855
Certificates of Deposit	<u>416,944</u>
Total Deposits and Investments	<u>\$ 448,799</u>

**DEPOSITS**

State law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that a government will not be able to recover deposits if the depository financial institution fails or to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. The College's policy requires all banks that receive deposits of the College to secure the deposits with collateral securities to protect the College against any loss.

The bank balances on deposit for Williamsburg Technical College at June 30, 2012, were \$6,366,364. Of these, \$5,616,364 were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institutions in the College's name. The carrying values of these deposits were \$6,116,556. All certificates of deposit, regardless of maturity, are reported as deposits for custodial credit risk categorization.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the College is not exposed to this risk.

**INVESTMENTS**

The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements. Temporary cash investments of the College are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks of changes in value because of changes in interest rates.

Restricted investments include \$5,000 held for endowment.

The College's investments and maturities at June 30, 2012, that are not with the State Treasurer's Office are presented below.



**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (Continued)**

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u> <u>Amount</u>	<u>Less</u> <u>Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More</u> <u>Than 10</u>
Certificate of Deposit	\$671,658	\$671,658	\$ –	\$ –	\$ –

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the College will not be able to recover the investments value or collateral securities that are in the possession of the outside party. The College does not have an investment policy regarding custodial credit risk. The College does not currently have investments that are exposed to custodial credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College places no limits on the amount the College may invest in any one issuer. Currently, the College has no investments which are exposed to concentration of credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase thereby affording potential purchasers more favorable rates on essentially equivalent securities. The College does not have an investment policy regarding interest rate risk. The College has no formal policy regarding interest rate risk, but manages it by limiting investments to short-term Certificates of Deposit.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the College is not exposed to this risk.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2012, including applicable allowances, are summarized as follows:

Student Accounts	\$ 736,060
Federal Grants and Contracts	190,402
State Grants and Contracts	111,026
Nongovernmental Grants and Contracts	238,800
Interest Receivable	<u>724</u>
Gross Receivables	1,277,012
Less: Allowance for Doubtful Accounts - Students	<u>(554,617)</u>
Receivables, Net	<u>\$ 722,395</u>

Net bad debt recovery recorded for the year totaled \$11,624.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2012, was as follows:

	<u>Balance 7/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2012</u>
<b>Capital Assets not being Depreciated:</b>				
Land	\$ 127,190	\$ -	\$ -	\$ 127,190
<b>Other Capital Assets:</b>				
Buildings and Improvements	3,128,862	-	-	3,128,862
Machinery, Equipment, and Other	1,094,556	5,972	(38,801)	1,061,727
Vehicles	58,261	-	-	58,261
Intangibles	308,720	-	-	308,720
Total Other Capital Assets at Historical Cost	4,590,399	5,972	(38,801)	4,557,570
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(2,639,342)	(59,187)	-	(2,698,529)
Machinery, Equipment, and Other	(1,060,628)	(27,147)	38,801	(1,048,974)
Vehicles	(52,811)	(2,207)	-	(55,018)
Intangibles	(308,720)	-	-	(308,720)
Total Accumulated Depreciation	(4,061,501)	(88,541)	38,801	(4,111,241)
Other Capital Assets, Net	528,898	(82,569)	-	446,329
<b>Capital Assets, Net</b>	<u>\$ 656,088</u>	<u>\$ (82,569)</u>	<u>\$ -</u>	<u>\$ 573,519</u>

Equipment with a historical cost of \$38,801 and accumulated depreciation of \$38,801 was sold with a resulting gain of \$360.

**NOTE 5 - PENSION PLAN**

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 5 - PENSION PLANS (Continued)**

*South Carolina Retirement System*

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustments, death, and incidental death benefits to eligible employees and retirees.

Since July 1, 2006, the required employee contribution has been 6.50%. Effective July 1, 2011, the employer contribution rate became 13.685% which included a 4.3% surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2012, 2011, and 2010, were \$250,214, \$252,284, and \$247,780, respectively, and equaled the required contributions of 9.385% (excluding the surcharge) for fiscal year 2012 and 9.24% (excluding the surcharge) for fiscal years 2011 and 2010. Also, the College paid employer incidental death benefit contributions of \$4,015 in the current fiscal year at the rate of .15% of compensation.

*Optional Retirement Program*

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school, and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.385% plus the retiree surcharge of 4.30% from the employer in fiscal year 2011. A direct remittance is required from the employers to the investment providers for the employee contribution (6.50%) and a portion of the employer contribution (5%). Also, a direct remittance is required to SCRS for a portion of the employer contribution (4.385%) which must be retained by SCRS.

Employees are eligible for incidental death benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement incidental death benefits. For the fiscal year, total contribution requirements to the ORP were \$2,595 (excluding the surcharge) from Williamsburg Technical College as employer and \$1,310 from its employees as plan members. In addition, the College paid to the SCRS employer incidental death benefit contributions of \$44 in the current fiscal year at the rate of .15% of compensation.

*Deferred Compensation Plans*

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 5 - PENSION PLANS (Continued)**

*Teacher and Employee Retention Incentive*

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive incidental death benefits or disability retirement benefits. Retired SCRS members, including TERI participants working for a covered employer, pay the active employee contribution. The employer pays the active employer contribution as well.

Act No. 278 of 2012 made sweeping changes to the SCRS. The employee contribution rate increased from 6.5% to 8.0% in 0.5% increments annually from July 1, 2012 to July 1, 2014. The employer contribution rate increased from 9.385% to 10.450%, and the surcharge rate increased from 4.30% to 4.55%, effective July 1, 2012. The employer contribution rate will remain at 10.45% through June 30, 2014, and will increase to 10.9% beginning July 2014. Also, effective July 1, 2012, the TERI program is not available to new hires.

**NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and College employees and their covered dependents. The College contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

**Funding Policies**

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, which was 4.3% of annual covered payroll for 2012, 3.9% of annual covered payroll for 2011, and 3.5% of annual covered payroll for 2010. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College's contributions to the SCRS for the three most recent fiscal years ending June 30, 2012, 2011, and 2010, were approximately \$115,100, \$106,000, and \$87,500, respectively, applicable to the surcharge included with the employer contribution for retirement benefits. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.22 for the fiscal years ended June 30, 2012 and 2011 and \$3.23 for the fiscal year ended June 30, 2010.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

**NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2012, the College had no commitment balances outstanding.

The College anticipates funding future capital projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds. The State has issued capital improvement bonds to fund improvements and expansion of state facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred.

On June 7, 2012, the South Carolina General Assembly approved S1134 so as to revise the purpose for which \$700,000 in capital improvement bond authorizations may be used. The \$700,000 originally appropriated for the construction of a technology building may now be used for academic and institutional support buildings repair, maintenance and renovation. As of June 30, 2012, the College had not issued any of these bonds.

**NOTE 8 - LEASE OBLIGATIONS**

The College rents copiers that meet the definition of contingent rentals. During the fiscal year ended June 30, 2012, the College expended \$19,155 to external parties for these contingent rentals which are based upon the copier machine usage.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year	Net Long Term
Compensated Absences Payable	\$ 315,162	\$ 1,534	\$ 47,133	\$ 269,563	\$ 16,130	\$ 253,433

**NOTE 10 - STATE APPROPRIATIONS**

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

Below is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2012.

**NON-CAPITAL APPROPRIATIONS**

Current year's Appropriations:

Appropriations from State Board	
State Board Allocation for Salaries and Benefits	\$1,400,989
State Board Allocation for Lottery Technology	62,500
Current Year Appropriation Cash Basis	1,463,489
Plus: Lottery Technology Received in Prior Years Recognized as Revenue in 2012	77,801
Less: Accounts Receivable at 6-30-11 from SC Education Lottery Fund for Technology	(62,500)
<b>Total Non-Capital Appropriations Recorded as Current Year Revenue</b>	<b><u>\$1,478,790</u></b>

**CAPITAL APPROPRIATIONS**

Current year's Appropriations:

Appropriations from State Board	\$ 121,975
Less: Deferred Revenue at 6-30-12	(119,988)
<b>Total Capital Appropriations Recorded as Current Year Revenue</b>	<b><u>\$ 1,987</u></b>

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 11 - RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets, and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and incidental death benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

**NOTE 12 - OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2012, are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 1,169,795	\$ 355,907	\$ -	\$ -	\$ 389,299	\$ -	\$ 1,915,001
Academic Support	387,079	127,633	-	-	265,922	-	780,634
Student Services	529,054	172,676	-	-	209,187	-	910,917
Operation and Maintenance of Plant	183,468	76,726	-	103,218	142,289	-	505,701
Institutional Support	507,440	146,369	-	-	153,527	-	807,336
Scholarships	-	-	626,199	-	-	-	626,199
Auxiliary Enterprises	34,684	11,473	-	-	224,066	-	270,223
Depreciation	-	-	-	-	-	88,541	88,541
Total Operating Expenses	<u>\$ 2,811,520</u>	<u>\$ 890,784</u>	<u>\$ 626,199</u>	<u>\$ 103,218</u>	<u>\$ 1,384,290</u>	<u>\$ 88,541</u>	<u>\$ 5,904,552</u>

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 13—RELATED PARTIES**

Certain separately chartered legal entities, whose activities are related to those of the College, exist primarily to provide financial assistance and other support to the College and its educational program. This includes the Williamsburg Technical College Foundation, Inc.

Management reviewed its relationship with the Foundation under GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 61. Because of the nature and significance of its relationship with the College, the Foundation is considered a component unit of the College.

Following is a more detailed discussion of this entity and a summary of transactions (if any) between this entity and the College for the year ended June 30, 2012:

**The Williamsburg Technical College Foundation, Inc.**

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors.

The College recorded non-governmental gifts receipts of \$10,841 from the Foundation in non-operating local grants and contracts for the fiscal year ended June 30, 2012. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides staffing support and facilities space to the Foundation. It has determined that these services and facilities are nominal and therefore are not reflected in the financial statements of the College for the current year.

The Foundation's assets as of June 30, 2012 were \$448,799.

There are no receivables or payables between the College and the Foundation as of June 30, 2012.

**NOTE 14 – STATEMENT OF ACTIVITIES**

The following information is required by the Office of the Comptroller General for the State of South Carolina's Comprehensive Annual Financial Report.

	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>
Charges for Services	\$ 1,751,883	\$ 1,674,957	\$ 76,926
Operating Grants and Contributions	3,370,157	4,085,900	(715,743)
Less: Expenses	<u>(5,904,552)</u>	<u>(6,351,068)</u>	<u>446,516</u>
Net Program Revenue (Expense)	<u>(782,512)</u>	<u>(590,211)</u>	<u>(192,301)</u>
Transfers:			
State Appropriations	1,478,790	1,560,280	(81,490)
State Capital Appropriations	<u>1,987</u>	<u>18,459</u>	<u>(16,472)</u>
Total General Revenue and Transfers	<u>1,480,777</u>	<u>1,578,739</u>	<u>(97,962)</u>
Change in Net Assets	698,265	988,528	(290,263)
Net Assets-Beginning	<u>5,867,745</u>	<u>4,879,217</u>	<u>988,528</u>
Net Assets-Ending	<u>\$ 6,566,010</u>	<u>\$ 5,867,745</u>	<u>\$ 698,265</u>



**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**NOTE 15 – TRANSACTIONS WITH OTHER AGENCIES**

The College had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

**NOTE 16 – DONOR RESTRICTED ENDOWMENTS**

Assets at June 30, 2012, consist of \$5,000 short-term investments, restricted for endowments. The donor has provided specific instructions to authorize the interest on the investment of endowment funds to be spent on scholarships.

The endowment is included in a certificate of deposit as shown in Note 2 in the investments section. At June 30, 2012, the endowment had no net appreciation. All is restricted and included in the restricted net assets. This is in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

**NOTE 17 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)**

The College incurred expenses of \$19,121 during fiscal year 2012 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the College via pass-through funding from the U. S. Department of Commerce under the Broadband Technology Opportunities Program. The expenses are reported as supplies and other services in academic support in Note 12 – Operating Expenses by Function.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Expenditures
<b>U.S. Department of Education</b>			
TRIO Cluster			
TRIO Program - Talent Search	84.044	P044A070816	\$ 280,979
TRIO Program - Upward Bound	84.047	P047A070462	364,925
Total TRIO Cluster			<u>645,904</u>
Student Financial Aid Cluster			
Federal College Workstudy	84.033	P033A093815	48,675
Federal Supplemental Educational Opportunity Grant	84.007	P007A093815	27,761
Federal Pell Grant Program	84.063	P063P093181	2,204,926
Total Student Financial Aid Cluster			<u>2,281,362</u>
Total Direct Grant Expenditures			<u>2,927,266</u>
<b>Pass through State Department of Education</b>			
Career and Technical Education - Basic Grants to States	84.048	10VA415	50,901
<b>Pass through State Technical College System</b>			
Gear Up	84.334S		6,571
Total Pass through Expenditures			<u>57,472</u>
<b>Total U.S. Department of Education</b>			<u>2,984,738</u>
<b>U.S. Department of Labor</b>			
<b>Pass through Florence-Darlington Technical College</b>			
Trade Adjustment Assistance Community College and Career Training Grants	17.282	4542B10012	72,554
Total Pass through Expenditures			<u>72,554</u>
<b>Total U.S. Department of Labor</b>			<u>72,554</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Pass through S. C. Department of Health and Human Services</b>			
ARRA - Child Care Development Block Grant	93.713	None	1,333
Total Pass through Expenditures			<u>1,333</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,333</u>
<b>U.S. Department of Commerce</b>			
<b>Pass through SC Technical College System</b>			
ARRA - Broadband Technology Opportunities Program	11.557		19,121
Total Pass through Expenditures			<u>19,121</u>
<b>Total U.S. Department of Commerce</b>			<u>19,121</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 3,077,746</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**WILLIAMSBURG TECHNICAL COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012**

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1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Williamsburg Technical College and is presented on the accrual basis, the same basis of accounting used to prepare the basic financial statements as described in Note 1 of the financial statements.

The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audit of States, Local Governments, and Non Profit Organizations. Therefore, some of the amounts presented in the schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

2. FEDERAL NON-CASH ASSISTANCE

Williamsburg Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2012.

3. RECONCILIATION OF CURRENT FUND REVENUES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE.

Total per Schedule of Expenditures of Federal Awards	<u>\$ 3,077,746</u>
Total Federal Revenue per financial statement	
Federal Grants - Operating	\$ 852,477
Federal Grants - Nonoperating	<u>2,225,269</u>
	<u>\$ 3,077,746</u>

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

The President and Members of the Area Commission  
**Williamsburg Technical College**  
Kingstree, South Carolina

We have audited the financial statements of the business-type entities and the discretely presented component unit of **Williamsburg Technical College** (the College) which collectively comprise the basic financial statements of the College as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Williamsburg Technical College Foundation Inc., the only component unit of the College, as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Williamsburg Technical College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Williamsburg Technical College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Williamsburg Technical College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Williamsburg Technical College's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

**Members**

SC Association of Certified Public Accountants

NC Association of Certified Public Accountants

**Members**

Division for CPA Firms, AICPA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williamsburg Technical College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Members of the Williamsburg Technical College Area Commission, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Webster Rogers LLP*

Florence, South Carolina  
September 27, 2012



**Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and  
on Internal Control Over Compliance in Accordance with OMB Circular A-133**

The President and Members of the Area Commission  
**Williamsburg Technical College**  
Kingstree, South Carolina

Compliance

We have audited Williamsburg Technical College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Williamsburg Technical College's major federal programs for the year ended June 30, 2012. Williamsburg Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Williamsburg Technical College's management. Our responsibility is to express an opinion on Williamsburg Technical College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, Williamsburg Technical College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Williamsburg Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Williamsburg Technical College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Williamsburg Technical College's internal control over compliance.

**Members**

SC Association of Certified Public Accountants  
NC Association of Certified Public Accountants

**Members**

Division for CPA Firms, AICPA

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Members of the Williamsburg Technical College Area Commission, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Webster Rogers LLP". The signature is written in a cursive, flowing style.

Florence, South Carolina  
September 27, 2012

**WILLIAMSBURG TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**I – Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?            yes       X       no

Significant deficiency(s) identified not considered material weaknesses?            yes       X       none reported

Noncompliance material to financial statements noted?            yes       X       no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?            yes       X       no

Significant deficiency(s) identified that are not considered material weaknesses?            yes       X       none reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?            Yes       X       no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	SFA Cluster
84.033	Federal College Workstudy
84.007	Federal Supplemental Education Opportunity Grant
84.063	Federal Pell Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?       X       yes            no



**WILLIAMSBURG TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

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**II – Financial Statements Findings**

NONE

**III – Federal Awards Findings**

NONE

**WILLIAMSBURG TECHNICAL COLLEGE  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2012**

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**IV - Prior Year Findings and Questioned Costs**

NONE